

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 176 - HB 170**

March 14, 2013

**SUMMARY OF BILL:** Requires the Department of Human Services (DHS) to conduct investigations relative to the existence of trafficking in, or fraud involving, the food assistance program; fraud, abuse, theft, misappropriation, or misuse of property, funds, or services by any person or entity in any program administered by DHS; and misconduct by any employee, contractor or agent of DHS concerning the operation of any program or any laws governing DHS's operations. DHS is required to establish rules, policies, and procedures consistent with the Middle Class Tax Relief and Job Creation Act that are necessary to prevent public assistance benefits administered by DHS from being used in any electronic benefit transaction (EBT) in any liquor store; casino, gambling casino, or gaming establishment; or any adult-oriented retail establishment. DHS is authorized to address intentional food assistance program violations or overpayments through any administrative means including settlement of the violations or overpayments or through administrative hearings. The Commissioner of Human Services is authorized to establish an EBT system in compliance with federal law and to contract with public or private entities to provide services necessary to establish the system.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Not Significant**

**Other Fiscal Impact - The Middle Class Tax Relief and Job Creation Act requires states to develop plans for preventing the use of TANF assistance through EBT transactions at locations specified by the proposed legislation by February 2014. DHS will reallocate existing TANF grant funds to implement the proposed legislation relative to temporary assistance benefits.**

**Assumptions:**

- It is estimated that the investigation and enforcement requirements of the bill relative to the food assistance program and fraud or misconduct within DHS, or by its contractors and agents can be accommodated within the existing resources of DHS without an increased appropriation or reduced reversion.
- It is estimated that the number of appeals heard by the Appeals and Hearings Division will increase slightly due to investigations of fraud and misconduct relative to the food assistance program and alleged violations of the provisions prohibiting the withdrawal or use of funds at specified locations. It is estimated that no additional employees will be required for appeal processing.

- DHS will work with the outside vendor for EBT services to block EBT transactions through ATMs and point of sale (POS) terminals at prohibited locations and will build, maintain, and update a blocked terminal list. DHS will also assist ATM owners and retailers in complying with the federal requirements and the proposed legislation.
- It is estimated that DHS can accommodate the requirements of the bill within existing resources without an increased appropriation or reduced reversion.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', is positioned above the printed name.

Lucian D. Geise, Executive Director

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